



EXHIBIT 5
DATE 3/20/15
HB Informational

March 2013 Update to Governor's Revenue Estimates

The Governor's Office of Budget and Program Planning (OBPP) reports new revenue estimates based on updates to the baseline data used for all individual tax type estimates. The following tables summarize 1) changes between the March OBPP update and the January 7th estimates presented in Governor Bullock's budget, and 2) the March OBPP update and the estimates adopted in SJ 2.

	Actual FY 2012	Forecast FY 2013	Forecast FY 2014	Forecast FY 2015	3 Year Total	FY 2013 % Growth	FY 2014 % Growth	FY 2015 % Growth
March OBPP	1,870.95	2,033.18	2,083.66	2,175.73	6,292.57	8.7%	2.5%	4.4%
January OBPP	1,870.95	1,994.78	2,089.62	2,166.06	6,250.46	6.6%	4.8%	3.7%
Change	-	38.40	(5.96)	9.67	42.11			

	Actual FY 2012	Forecast FY 2013	Forecast FY 2014	Forecast FY 2015	3 Year Total	FY 2013 % Growth	FY 2014 % Growth	FY 2015 % Growth
March OBPP	1,870.95	2,033.18	2,083.66	2,175.73	6,292.57	8.7%	2.5%	4.4%
SJ 2 Adopted	1,870.95	1,994.95	2,056.25	2,137.41	6,188.61	6.6%	3.1%	3.9%
Change	-	38.23	27.41	38.32	103.96			

The specific major adjustments by tax type are:

Oil and Gas taxes –

Minor changes to the oil and gas model's methodology, combined with the most recent production, tax, and IHS-Global Insight data resulted in an increase to the biennial estimate by nearly \$4.8 million. Specific changes include the following:

- The effective tax rate on oil production fell due to the implementation of better and more dynamic averaging techniques. The effective tax rate has consistently fallen during the past several quarters due to the relative increase in holiday production, which is taxed at a much lower rate.
- Production over the past few quarters has been increasing at a rate that has modestly exceeded expectations. Reductions to rig counts, reductions to the effective tax rate, increased oil prices, and increased work camp permitting activity suggest that the sustainability of the recent production increases are supported in the near-term but are ambiguous over the long-term.
- The natural gas production estimate has fallen from the original estimate but errs on the side of being understated. Price forecasts have fallen in FY 2013 and FY 2014, and minor changes to date ranges used in the estimating model are responsible for the decrease.

Corporation Licenses Tax –

In addition to the changes in the model forecast due to the March IHS forecast release of U.S. Corporation Profits, the estimate has the following additions:

OBPP GF Revenue Estimate Change - November, 2014 to March, 2015							
Revenue Category	OBPP November, 2014			OBPP March, 2015			Three Year \$ Change
	FY 2015	FY 2016	FY 2017	FY 2015	FY 2016	FY 2017	
MAJOR TAXES							
Individual Income Tax	1,107.848	1,199.198	1,295.704	1,159.953	1,218.756	1,300.598	76.558
Property Tax	247.857	244.377	253.170	248.839	245.383	254.186	3.006
Vehicle Taxes and Fees	102.200	104.600	107.200	103.500	106.200	108.600	4.300
Corporation License Tax	167.400	204.000	201.300	176.433	195.424	202.577	1.734
Insurance Premiums Tax	62.995	64.884	67.496	66.271	68.125	70.588	9.609
Video Gambling Tax	59.751	61.952	64.362	59.489	61.283	63.533	(1.760)
Total Major Taxes	1,748.050	1,879.010	1,989.232	1,814.485	1,895.170	2,000.082	93.445
NATURAL RESOURCE TAXES							
Oil and Gas Production Taxes	101.000	102.995	115.865	70.153	65.868	76.174	(107.663)
U.S. Mineral Royalties	30.768	31.706	32.863	27.298	25.744	25.566	(16.729)
Coal Severance Tax	15.613	15.831	15.602	15.939	15.676	15.667	0.236
Metalliferous Mines Tax	8.127	8.546	8.571	7.944	8.290	8.314	(0.697)
Electrical Energy Tax	4.419	4.428	4.457	4.650	4.514	4.495	0.354
Wholesale Energy Transactions Tax	3.172	3.315	3.478	3.685	3.545	3.530	0.794
Total Natural Resource Taxes	163.099	166.820	180.836	129.668	123.636	133.746	(123.706)
INTEREST EARNINGS							
Coal Trust Interest Earnings	20.549	19.866	20.045	20.607	19.872	19.983	0.002
Treasury Cash Account Interest	1.698	9.878	25.791	1.698	9.282	22.023	(4.364)
Total Interest Earnings	22.248	29.744	45.836	22.306	29.155	42.006	(4.362)
LIQUOR TAXES							
Liquor Excise and License Taxes	19.338	20.158	20.516	19.257	19.984	20.499	(0.271)
Liquor Profits	10.792	11.009	11.182	10.744	10.907	11.171	(0.161)
Beer Tax	3.033	3.044	3.052	3.033	3.045	3.054	0.002
Wine Tax	2.300	2.380	2.461	2.300	2.380	2.462	0.001
Total Liquor Taxes	35.463	36.590	37.211	35.334	36.316	37.186	(0.429)
TOBACCO TAXES							
Cigarette Tax	30.177	30.627	30.246	30.160	30.614	30.232	(0.046)
Tobacco Products Tax	6.161	6.376	6.602	6.160	6.377	6.603	0.002
Tobacco Settlement	3.276	3.198	3.111	3.276	3.198	3.111	0.000
Total Tobacco Taxes	39.614	40.201	39.958	39.596	40.189	39.946	(0.043)
SALES TAXES							
Telecommunications Excise Tax	19.518	19.380	19.322	19.518	19.380	19.322	0.000
Institutional Reimbursements	16.953	17.325	17.802	16.953	17.325	17.802	0.000
Health Care Facility Utilization Fees	4.754	4.654	4.556	4.754	4.654	4.556	0.000
Accommodations Tax	19.436	21.055	22.888	20.079	21.872	23.835	2.408
Rental Car Sales Tax	3.697	3.882	4.076	3.722	4.031	4.382	0.479
Total Sales Taxes	64.358	66.295	68.645	65.025	67.261	69.898	2.887
OTHER TAXES AND REVENUES							
Lottery Profits	12.544	11.594	10.689	12.329	12.485	12.983	2.971
Highway Patrol Fines	4.374	4.512	4.708	4.353	4.637	4.964	0.360
Investment Licenses and Permits	7.492	7.734	7.954	7.493	7.783	8.005	0.101
Contractors' Gross Receipts Tax	2.934	3.246	3.548	2.934	3.246	3.548	0.000
Driver's License Fee	3.768	3.938	4.037	3.768	3.938	4.037	0.000
Rail Car Tax	3.612	3.787	3.969	3.612	3.787	3.969	0.000
Other Revenue	36.285	40.533	37.153	36.285	40.533	37.153	0.000
Total Other Taxes	71.009	75.343	72.058	70.774	76.408	74.660	3.432
TOTAL GENERAL FUND REVENUE	2,143.841	2,294.004	2,433.777	2,177.188	2,268.136	2,397.523	(28.775)
Year-Over-Year Growth %	3.22%	7.00%	6.09%	4.82%	4.18%	5.70%	